

Interim Report:

**ACCESS ROUTE
INVESTIGATION FOR
VALENCIA URANIUM
PROJECT**

14 MARCH 2007

Prepared for:

WESTPORT RESOURCES
NAMIBIA (PTY) LTD PO
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1. BACKGROUND

Westport Resources Namibia (Pty) Ltd appointed Africon Namibia to investigate alternative access routes to the uranium deposits on Farm Valencia.

A letter from Africon Namibia, dated 14 December 2006, containing the original scope of work and cost estimate, is attached hereto as Appendix A.

After a selection process, based on longitudinal sections generated from 1 : 50 000 contour plans, three possible alternative routes were identified in consultation with Westport Resources as set out in Africon Namibia's letter, dated 19 January 2007 and attached hereto as Appendix B.

The laser survey of the mining area initiated by Westport Resources will take some months to complete. As a result it was decided that the site inspection of the alternative access routes shall proceed independently.

2. SITE INSPECTION

A site inspection of the three alternative routes, indicated on the plan attached in Appendix C, was conducted on 28 February and 1 March 2007.

From the 1: 50 000 contour plan and relevant longitudinal section, it is evident that Alternative 1 transverses more rugged terrain through the Khan River Valley. This was confirmed in the veld when, together with Mr. Trevor Stafford of Westport Resources, the team was unable to access the gorge identified for Alternative 1. This route was not further investigated.

In the Khan River Valley, access to Alternative 2 was possible by vehicle and foot. A comprehensive photographic report was compiled, as well as GPS coordinates taken every 250 m on the route. Back in the office a new and more detailed longitudinal section was generated based on the GPS readings.

A large section of Alternative 3 traverses the Namib Naukluft Park and with gates locked on a section of the road, access is restricted to four farms. Information on the condition and accessibility was obtained from one of these farmers, Mr Tom Zwar, owner of Vlakteplaas 110.

3. COMPARISON OF ALTERNATIVE ROUTES

3.1 Alternative 1- Khan Valley crossing: North

Due to steeper gradients, more rugged terrain and general inaccessibility through the Khan River Valley, this alternative was abandoned.

3.2 Alternative 2- Khan Valley crossing: South

This alternative follows Trunk Road 2/2 from Swakopmund to Usakos for approximately 67 km from where it turns in an easterly direction through the Khan River Valley for a further 27,4 km to Valencia mine site.

No contribution is required by the Roads Authority to use the bitumen surfaced TR 2/2, but a high standard intersection with passing lane and speed deceleration and acceleration lanes, are required at the intersection to this road.

The greater part of the route through the Khan River Valley is relatively easily accessible with a 4 x 4 vehicle. The last 2 km of the gorge, before it daylight, is accessible only by

foot, due to some large boulders in a narrow section of the gorge and a vertical drop of some 6 m. Rock blasting and road formation construction will be expensive over this section of the route.

The electronic photo report, as well as newly generated GPS based longitudinal section was discussed with Messrs Bonner and Kullmann of Westport Resources and the following concluded:

- a) The access road to be of gravel surfaced standard.
- b) The Khan River crossing to consist of a concrete drift and culvert system to accommodate a flood with a return period in the order of five years.
- c) Provision to be made in the cost estimate to protect the road formation against erosion, where it follows the gorge towards the Khan River.
- d) A cost estimate to be prepared for Alternative 2, taking into account that a temporary access road is required, whilst constructing Alternative 2. The access road to be of low standard in order to accommodate limited traffic over the first nine months that construction of the mine commences.

3.3 Alternative 3- Namib Naukluft Park Road

Due to the road transversing the Namib Naukluft Park and gates being locked on a section of the road, information was obtained from a local farmer, who has access to the road.

a) MR52 from Swakopmund to Welwitschia turnoff (42 km)

MR52 is proclaimed and falls under the jurisdiction of the Roads Authority (RA).

The RA indicated that they will maintain the road for normal traffic. However, when a new mine is developed they expect a contribution towards additional maintenance costs. In this spirit the new Langer Heinrich Mine, which also makes use of MR52 for access, has contributed N\$1 ,93M towards surfaced passing lanes recently constructed.

A similar contribution may be expected from Valencia Mine and needs to be included in the cost estimate.

b) MR 52 to Welwitschia (23 km)

The Ministry of Environment and Tourism (MET) maintains this section of the road, which serves as a tourism route to the Welwitschia plains, on an ad-hoc basis. Blading of the road is done on an irregular basis and the road is in a poor condition with only a sand track through the Swakop River.

Provision is made in the cost estimate to construct a concrete drift through the Swakop River (does not run as frequently and strong as the Khan River due to the Swakoppoort Dam), rebuild short sections of the road and to add a new wearing course to the surface.

c) Welwitschia to Valencia turnoff (21 km)

This section of the road is not accessible to the public. The road is not maintained by MET and is in a poor condition with wash-aways at frequent intervals. The road has deteriorated to the extent that it is hardly used by the four farmers, who have keys to the gate.

Provision has been made in the cost estimate to re-build sections of the road, install nominal drainage culverts at wash-aways and to add a wearing course to the surface.

d) New road on state land to Farm Valencia (25 km)

The new road is located on state land and follows the border of Farm Bloemhof to the Valencia mine. The route traverses relatively flat terrain and no large rivers are crossed.

However, for Alternative 2 Westport Resources is responsible to maintain only 27,4 km dirt road compared to the 69 km of dirt road for Alternative 3.

Further, the total length of Alternative 2 is approximately 94 km of which 67 km is bitumen surfaced, compared to the total length of Alternative 3, being approximately 111 km dirt road. Vehicle operating cost for Alternative 2 will therefore be significantly less compared to Alternative 3.

The last stage of the project will be an economic analysis, comparing capital expenditure, maintenance costs and vehicle operating cost over the expected lifetime of the mine at the hand of expected traffic volumes, for Alternatives 2 and 3.

4. ECONOMIC ANALYSIS

As basis for the economic analysis, the HDM IV computer programme will be used. The expected lifespan of the Valencia Mine is 10 years, but a sensitivity analysis will be done for a 15 year lifespan.

Expected traffic volumes for light and heavy vehicles have recently been provided by Westport Resources and these will be updated, when new pit information becomes available.

Finally, the sensitivity of Alternative 3, which traverses the Namib Naukluft Park, needs to be taken into account. Heavy vehicle traffic will impact negatively on tourism, as well as additional dust being generated at the Welwitschia planes. Regular watering of the dirt road may be an additional requirement and cost for Alternative 3.

5. SUMMARY

A site inspection and cost estimate of the alternative routes have been completed and initial indications are that Alternative 2, crossing the Khan River opposite the old Rio Tinto mine, is the most favourable option. This will be confirmed by an economic analysis study.

The route for Alternative 2 is situated on state land and negotiations may commence with the relevant authorities to obtain approval for the proposed road. This will ensure that the detail design may commence once the laser survey is completed and in this manner expedite the construction phase.

The sooner the construction of this road is initiated the less futile expenses are required to build a temporary road to accommodate traffic whilst this access road is under construction.

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APPENDIX A:

Letter from Africon
dated 14 December 2006

OUR REFERENCE:
RISK/Westport Recourses/JK. bm
Quote-Access Route—Valencia Uranium Project

14 December 2006

The Exploration Manager
Westport Resources Namibia (Pty) Ltd
PO Box 40155
AUSSPANNPLATZ
WINDHOEK

For Attention: Mr Rick Bonner

Fax: 061-219267

Sir

ACCESS ROUTE INVESTIGATION FOR VALENCIA URANIUM PROJECT

Following previous discussions we herewith provide a concise scope of the work to investigate and report on alternative access routes to Valencia Mine, complete with a cost estimate for professional services.

The Valencia site is situated on the Farm Valencia 122 in the Erongo Region, immediately south of the Khan River gorge. Management of Westport Resources have, through their knowledge of the area and by means of aerial investigation, identified a number of possible routes to obtain access to the mine and now wants these further investigated to determine the most viable route.

The alternative routes are:

From Farm Valencia 122 in a south-westerly direction along existing tracks and traversing the Namib Naukluft Park, to Walvis Bay;

From Valencia in a north-westerly direction, crossing the Khan River gorge and link-up with the Swakopmund-Usakos main road in the vicinity of Trekkopje rail station;

From Valencia, one or two further options to cross the Khan River gorge in a more northerly direction and link-up with the Swakopmund-Usakos main road between Trekkopje rail station and Usakos.

Africon will study available ortophotos, topographical maps and latest digital mapping of the area. The alternative routes identified above will be plotted on the relevant maps and first order longitudinal sections generated to confirm that the routes are accessible for heavy vehicles. These will be discussed with the Client and agreement reached on the alignments to be further investigated in the field as well as the type of drainage structure required to cross the Khan River.

The option to traverse the Namib Naukluft Park will be discussed with representatives of the Ministry of Environment and Tourism and permission obtained to proceed with the planning and to inspect the route.

During a site inspection the alternative routes identified will be travelled and cognisance taken of the grades and drainage requirements as well as possible environmental hazards. A full Environmental Impact Assessment will, however, be conducted separately by the Client. The availability of good road building material will be visually evaluated. Relevant information, photographs as well as the position of the alternative routes will be logged on GPS.

The characteristics of the design vehicle and anticipated traffic volumes will be finalised with Westport Resources to determine the appropriate pavement design and road cross section. First order quantities will then be calculated for each alternative with associated construction costs. This information together with the appropriate vehicle operating costs, road maintenance costs and horizontal and vertical alignments will be used in the HDM4 programme to determine the full life cycle cost for each alternative.

Finally the alternatives will be rated in terms of their viability based on the life cycle cost and the information presented in a Report.

We trust that the information provided meets with your approval and we are available for any further discussions that may ensure.

Yours faithfully

J KABER (Pr Eng)
Director
pp AFRICON NAMIBIA (PTY) LTD

APPENDIX B:

Letter from Africon
dated 19 January 2007

OUR REFERENCE:
103258/Westport Resources Nam/10
JK/bm

Cover let for Revised Scope of work -

19 January 2007

The Exploration Manager
Westport Resources Namibia (Pty) Ltd
PO Box 40155
AUSSPANNPLATZ
W1NDHOEK

For Attention: Mr Rick Bonner

Fax: 061-219267

Sir

**ACCESS ROUTE INVESTIGATION FOR VALENCIA URANIUM PROJECT
APPOINTMENT OF AFRICON**

We thank you for the above stated appointment as per your e-mail message dated 14 December 2006 (copy attached).

Attached please find the revised scope of work as well as cost estimate of fees, excluding the MET discussions, as requested in your said e-mail message.

During our meeting on 17 January 2007, two access routes to Valencia which link up with the existing access road to the old Rio Tinto Mine have been selected as well as a third route directly to Swakopmund. These three alternatives will further be investigated and reported on to your office prior to the site inspection.

Yours faithfully

J KABER (Pr Eng)
Director
pp AFR1CON NAM1B1A (PTY) LTD

OUR REFERENCE:
103258/Westport Resources Nam/11
JK/bm

Quote-Revised Scope of work -

19 January 2007

The Exploration Manager
Westport Resources Namibia (Pty) Ltd
PO Box 40155
AUSSPANNPLATZ
W1NDHOEK

For Attention: Mr Rick Bonner

Fax: 061-21 9267

Sir

ACCESS ROUTE INVESTIGATION FOR VALENCIA URANIUM PROJECT: REVISED SCOPE OF WORK

Following discussions on 18 January 2007 we herewith provide a concise scope of the work to investigate and report on alternative access routes to Valencia Mine, complete with a cost estimate for professional services.

The Valencia site is situated on the Farm Valencia 122 in the Erongo Region, immediately south of the Khan River gorge. Management of Westport Resources have, through their knowledge of the area and by means of aerial investigation, identified a number of possible routes to obtain access to the mine and now wants these further investigated to determine the most viable route.

The alternative routes are:

From Farm Valencia 122 in a south=westerly direction along existing tracks traversing the Namib Naukluft Park, and linking up with DR1903 and MR52 to Swakopmund;

From Valencia in a westerly direction, crossing the Khan River gorge and linking=up with the existing access road to the old Rio Tinto Mine;

Same as the above route but crossing the Khan River gorge opposite the old Rio Tinto Mine.

Africon will study available ortophotos, topographical maps and latest digital mapping of the area. The alternative routes identified above will be plotted on the relevant maps and first order longitudinal sections generated to confirm that the routes are accessible for heavy vehicles. These will be discussed with the Client and agreement reached on the alignments to be further investigated in the field as well as the type of drainage structure required to cross the Khan River.

During a site inspection the alternative routes identified will be travelled and cognisance taken of the grades and drainage requirements as well as possible environmental hazards. A full Environmental Impact Assessment will, however, be conducted separately by the Client. The availability of good road building material will be visually evaluated. Relevant information, photographs as well as the position of the alternative routes will be logged on GPS.

The characteristics of the design vehicle and anticipated traffic volumes will be finalised with Westport Resources to determine the appropriate pavement design and road cross section. First order quantities will then be calculated for each alternative with associated construction costs. This information together with the appropriate vehicle operating costs, road maintenance costs and horizontal and vertical alignments will be used in the HDM4 programme to determine the full life cycle cost for each alternative.

Finally the alternatives will be rated in terms of their viability based on the life cycle cost and the information presented in a Report.

We thank you for the appointment to proceed with this work and assure you of our best services.

Yours faithfully

J KABER (Pr Eng)
Director
pp AFR1CON NAM1B1A (PTY) LTD

APPENDIX C:

Plan indicating three alternative routes